

## Message Text

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ORIGIN AF-04

INFO OCT-01 SS-14 ISO-00 NSC-05 NSCE-00 CIA-01 INR-05 EB-03

INRE-00 EUR-08 /041 R

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AF:MR. BLAKE

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TO AMEMBASSY KINSHASA IMMEDIATE

INFO AMEMBASSY BRUSSELS

C O N F I D E N T I A L STATE 051575

LIMDIS

E.O. 11652: GDS

TAGS: EFIN, ECON, CG

SUBJECT: ZAIRE'S INGA-SHABA LOAN; SMTF

REF: STATE 50697

1. ON MARCH 6 FNCB SENT CABLES TO MEMBER BANKS OF INGA-SHABA LOCAL CURRENCY LOAN CONSORTIUM RECOMMENDING DISBURSEMENT OF FUNDS FOR WHICH EXIM HAS AFFIRMED GUARANTEE (REFTEL). AT SAME TIME FNCB CABLED MEMBER BANKS OF CONSORTIUM FOR BOP LOAN ON WHICH DOLS 6 MILLION PAYMENT WAS DUE FEB. 28 RECOMMENDING ACCEPTANCE OF REQUEST RECEIVED FROM GOVERNOR SAMBWA OF BANK OF ZAIRE FOR DEFERRAL OF THAT PAYMENT TO MARCH 31. IN CALLING FOR COMPLIANCE WITH SAMBWA REQUEST, FNCB CALLED ATTENTION TO EXIM  
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ASSURANCE ON INGA-SHABA LOAN AS FAVORABLE RELEVANT CONSI-

DERATION. FNCB EXPECTS AFFIRMATIVE REPLIES ON INGA-SHABA DISBURSEMENT REQUEST BUT IS NOT QUITE SO CONFIDENT ABOUT GETTING AGREEMENT FROM ALL PARTICIPANTS TO DEFERRAL OF BOP LOAN PAYMENT. BANK HAS INFORMED MORRISON-KNUDSEN OF ITS ACTION ON INGA-SHABA LOAN.

2. ASSUMING POSITIVE RESPONSES FROM MEMBERS OF SYNDICATES, ACTIONS BY EXIMBANK AND FNCB WILL HELP BUY SOME TIME FOR GOZ AND FOR INGA-SHABA PROJECT WHILE GOZ SEEKS SOLUTIONS TO ITS FINANCIAL PROBLEM. (FYI. SINCE LOAN FOR LOCAL

CURRENCY COSTS IS PAID IN FOREIGN EXCHANGE TO FNCB KINSHASA, DISBURSEMENT NOT ONLY PERMITS PROJECT WORK TO PROCEED BUT ALSO CONTRIBUTES TO ZAIRE'S FONEX LIQUIDITY.) IN CONVERSATIONS WITH GOZ, BELIEVE EMBASSY SHOULD CITE THESE ACTIONS AS CONCRETE EVIDENCE OF DESIRE TO HELP ZAIRE THROUGH DIFFICULT PERIOD WHILE AT THE SAME TIME STRESSING IMPORTANCE OF USING TIME GAINED TO PUT ZAIRIAN FINANCIAL HOUSE IN ORDER.

3. TEMPELSMAN TELLS US DEVLIN IS SEEKING MEETING WITH MOBUTU TO CARRY SIMILAR MESSAGE RE SMTF PROJECT: NAMELY, THAT EURODOLLAR CONSORTIUM AND EXIM ARE MOVING AHEAD TO TRY TO COMPLETE FINANCING ARRANGEMENTS FOR PROJECT, BUT THAT BEFORE LOAN AGREEMENTS ARE ACTUALLY SIGNED, AND CERTAINLY BEFORE MONEYS ARE DISBURSED, ZAIRE WILL HAVE TO DEAL WITH PRESENT FONEX LIQUIDITY PROBLEM AND REESTABLISH CREDITOR CONFIDENCE. DEVLIN HAS ALSO BEEN INSTRUCTED TO SUGGEST THAT GOZ TURN TO IMF AND TO EXPRESS OPINION THAT MAJOR BANKS WOULD BE WILLING TO PARTICIPATE IN IMF-LED STABILIZATION PROGRAM. WHILE CONCURRING IN THIS GENERAL APPROACH, WE SUGGESTED PRIOR CONSULTATION WITH AMBASSADOR AND SAID WE THOUGHT IT WOULD BE MORE PRUDENT AND TIMELY FOR DEVLIN TO SEE MOBUTU AFTER DINI OF IMF HAS MET WITH HIM AND BRIEFED DEVLIN. INGERSOLL

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** FINANCIAL CRISIS, ECONOMIC CONDITIONS, DEVELOPMENT LOANS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 07 MAR 1975  
**Decaption Date:** 28 MAY 2004  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** ElyME  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975STATE051575  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** RRSTRAND:OSM  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D750081-0013  
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**Legacy Key:** link1975/newtext/t19750371/aaaacitm.tel  
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**Office:** ORIGIN AF  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** LIMDIS  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** LIMDIS  
**Reference:** 75 STATE 50697  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** ElyME  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 16 APR 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <16 APR 2003 by ShawDG>; APPROVED <22 SEP 2003 by ElyME>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** ZAIRE'S INGA-SHABA LOAN; SMTF  
**TAGS:** EFIN, ECON, CG, CIS, INGA SHABA, XMB  
**To:** KINSHASA  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006